

1 Q. Okay. Did you -- once you learned this, did  
2 you initiate a search for a new **communications** attorney?

3 A. No, I called **Ms. Staton** and told her what I  
4 found out and how she ought to engage a new attorney,  
5 because I **didn't** think **Emert** was qualified to handle the  
6 application. He had dropped the ball on **some** other  
7 stuff.

8 I also had a friend in Kentucky who's got a  
9 broadcast station, and he was using **Emert** for his  
10 attorney. And he and I was out together and talking  
11 about **communications**, and he mentioned that **Emert** was  
12 handling some stuff for him. And I said, "**Hey, I'm**  
13 **involved with him on some things myself.**" And so he  
14 told me that he had heard some things which were not  
15 good about Mr. **Emert**. So I had them investigated and  
16 found them to be true.

17 Q. When you had this discussion, did you know of  
18 any other FCC attorneys other than **Mr. Emert**?

19 A. Yes, I did.

20 Q. Did you know of **Mr. Evans**?

1           A.    I knew him indirectly.  I wasn't sure he  
2   **handled FM** broadcast.  I deal primarily with one *of his*  
3   partners.

4           Q.    And in what connection do you deal --

5           A.    Primarily the cellular applications.

6           Q.    **Okay.**

7           A.    And keeping up with the *FCC* work on them.

8           Q.    So would it be more correct to say you knew  
9   somebody else in **Mr. Evans' firm** as opposed to **Mr. Evans**  
10   himself?

11          A.    On the cellular part, yes.

12          Q.    And just identify that individual.

13          A.    Bill Sill, William J. Sill.

14          Q.    Okay.  When you talked to **Ms. Staton**, did you  
15   suggest that she might want to contact **Mr. Sill** or  
16   **somebody** from his **firm**, a possible attorney?

17          A.    I gave her three possible *FCC* attorneys to  
18   contact.

19          Q.    okay.  Do you **remember** who the other two were?

20          A.    **One** of them was German, Curtis, and Blask, who  
21   I had had previous contact with.  I can't recall who the

1 other one was. But I recollect it was three of them I  
2 discussed.

3 Q. Okay. And it's correct, is it not, that the  
4 decision was made to -- strike that. To your knowledge,  
5 does **Staton** Communications have a corporate bank  
6 account?

7 A. Did they?

8 Q. Has it ever had a corporate bank account?

9 A. I have contributed cash to the corporation. I  
10 don't know if there's an account set up or not. I don't  
11 have any books or anything showing that there is.

12 Q. Okay. How much money have you contributed --  
13 have much money have you expended or contributed to  
14 **Staton** Communications, Inc.?

15 A. You mean bills paid or bills yet to be paid?

16 Q. Let's deal with bills actually paid to this  
17 point?

18 A. I'd say somewhere in the neighborhood of  
19 \$12,000 to \$15,000.

20 Q. Okay. Are those -- when you expend that  
21 money, are those bills that you paid to -- when you

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ATTACHMENT 3

COHEN & BERFIELD

Before the  
FEDERAL COMMUNICATIONS COMMISSION

- - - - - X

In re Applications of : MM DOCKET NO. 93-51  
MARTHA J. HUBER : File No. BPH 911114ME  
RITA REYNA BRENT : File No. BPH 911115MC  
MIDAMERICA ELECTRONICS :  
SERVICE, INC. : File No. BPH-911115ML  
STATON COMMUNICATIONS, INC. : File No. BPH-911115MU  
For construction Permit for :  
a New FM Station on Channel :  
234A in New Albany, Indiana :  
- - - - - X

June 9, 1993  
WASHINGTON, D.C.

Whereupon,

MILDRED J. STATON

the Deponent, called for examination by counsel pursuant to notice and agreement as to time and place, in the offices of Cohen and Berfield, 1129 20th Street, NW, Washington, D.C. 20036, before Kim Kavanaugh, a Notary Public in and for the District of Columbia, where were present on behalf of the respective parties:

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JUN 24 1993  
FEDERAL COMMUNICATIONS COMMISSION

1 A. Now he's in Texas.

2 Q. At the time in 19-- by the way, I want to  
3 establish the time. Approximately when did you learn  
4 about the channel from Mr. Thompson or learn about Mr.  
5 Ramsey from Mr. Thompson?

6 A. Late October of '91.

7 Q. And how did that come about? Did he contact  
8 you? Did he phone you?

9 A. Yes.

10 Q. And what did he say?

11 A. He asked me about myself as being -- because  
12 he already knew -- had my name. He asked me about my  
13 background in broadcasting, and he mentioned that he was  
14 representing someone who was interested in applying for  
15 that particular window. And he asked me if I was  
16 interested in a partnership of that nature.

17 Q. Did he identify the person who was looking for  
18 this partner?

19 A. Not on the initial conversation, the first  
20 conversation, no.

21 Q. And what did you tell him?

1 A. I told him yes, that I was interested.

2 Q. That you were interested?

3 A. Uh-huh.

4 Q. And then what happened?

5 A. I sent him a resume on myself.

6 Q. Okay. Let me show you a copy of the document  
7 that was exchanged this morning. It's -- it has your  
8 name and address. Is that your resume?

9 A. Yes, uh-huh.

10 Q. Is that the resume you gave to Mr. Thompson?

11 A. Yes, uh-huh. It had a second page to it with  
12 the references, but that is the resume.

13 Q. All right. And after you said yes, what was  
14 the next event?

15 A. We talked again and he -- we set up a date and  
16 time to meet.

17 Q. You talked to Mr. Thompson again on the  
18 telephone?

19 A. Uh-huh.

20 Q. And did them come a time when you met with  
21 him?

1 A. Yes.

2 Q. All right. Approximately when was that?

3 A. Early November.

4 Q. Early November 19913

5 A. Right.

6 Q. And where was that?

7 A. In Louisville.

8 Q. And at the meeting what happened?

9 A. We talked about my broadcast experience. we  
10 reviewed what we had already talked about in our initial  
11 conversation, what part he would play in this  
12 arrangement or venture as far as the individual that he  
13 was representing and briefly what the details are in  
14 following through on such a venture.

15 Q. Okay. Did he identify the individual he was  
16 representing at that meeting?

17 A. N o .

18 Q. Okay. What did he tell you about the venture,  
19 did he tell you about a structure?

20 A. Yes.

21 Q. What did he say?

1           A.    Well, it wasn't in detail.  It was just very  
2           brief.  We spent -- he has a broadcast background also.  
3           We shared a lot of different kinds of information during  
4           the course of our meeting, and it all just sort of  
5           blended in since there was a lot of familiarity with  
6           what and how things go on in a situation like this.  
7           Q.    But the main subject of the meeting was an  
8           application for New Albany, Indiana?  
9           A.    Uh-huh.  
10          Q.    Okay.  And some structure --  
11          A.    Uh-huh.  
12          Q.    -- that would be agreed to at a later date?  
13          A.    Uh-huh.  
14



1 A. Three hours, three to four hours.

2 Q. All right. After that meeting, you said, I  
3 think, early November 1991, approximate?

4 A. Uh-huh.

5 Q. What next happened?

6 A. When I talked with him again, he stated that  
7 he had talked with Mr. Ramsey and that I had **been**  
8 accepted based on the proposals that he had made to him  
9 as far as my resume and the interview that he had done  
10 with me in discussing my background.

11 Q. When was this conversation, this second or  
12 third conversation with Mr. Thompson?

13 A. Are you asking for a date?

14 Q. Approximately.

15 A. It was --

16 Q. How long after the meeting you had with him in  
17 Louisville, did he contact you about your acceptance by  
18 **Mr. Ramsey?**

19 A. A couple of days.

20 Q. So that was the first time he identified Mr.  
21 **Ramsey?**

1 A. Uh-huh.

2 Q. What did he tell you about Mr. Ramsey, if  
3 anything?

4 A. That he was a businessman out of Lexington,  
5 Kentucky. That they had had some business -- had done  
6 some business together before. And that he was very  
7 much interested in broadcasting.

8 Q. The business that Mr. Ramsey and Mr. Thompson  
9 had done before, what kind of business? Did Mr.  
10 Thompson specify the kinds of businesses they were in  
11 together?

12 A. No, he didn't. He did indicate that it was  
13 broadcast, but that there had been some other  
14 connection, too, but he didn't go into any details.

15 Q. Did he at that point tell you what kind of  
16 applicant it would be, what structure the applicant  
17 would have? Did he go into detail on that?

18 A. That was discussed when we had met as to the  
19 kind of structure.

20 Q. And what was that structure?

21 A. Well, with the minority interest, and what,

1 you know, that Mr. Ramsey would be the financial backer.

2 Q. And you would do what, what would you do?

3 A. And that I would be the person running the  
4 station.

5 Q. Okay. After that meeting, that third  
6 discussion, I should say, then what happened?

7 A. He mentioned that there would -- we talked  
8 about an attorney doing the application and submitting  
9 it.

10 Q. Did he identify the attorney who would be  
11 responsible for the application, he, being Mr. Thompson?

12 A. Uh-huh, yes. We talked about the attorney.

13 Q. Do you recall the name of the attorney?

14 A. Stanley Emert.

15 Q. Okay. As of this meeting or conversation with  
16 Mr. Thompson, had you spoken at all to Mr. Ramsey?

17 A. No.

18 Q. Did there come a time when you spoke with or  
19 met Mr. Ramsey?

20 A. Yes, I did speak with Mr. Ramsey.

21 Q. When was that?

1           A.    It was right after the conversation that I had  
2           had with Mr. Thompson where he stated that Mr. Ramsey  
3           was very interested in being a partner in this venture.

4           Q.    And did you call Mr. Ramsey or did he call  
5           you?

6           A.    He called me.

7           Q.    And what did he say to you, and what did you  
8           say to him?

9           A.    Well, it was an introduction kind of  
10          conversation. He already had my resume, and we talked  
11          about my broadcast experience and the window that was  
12          open and that he was interested in and us becoming  
13          partners in this venture.

14          Q.    Did he say anything about what your interest  
15          would be in the venture?

16          A.    He mentioned that he was -- he would be the  
17          financial backer and that he would make the arrangements  
18          as far as the finances was concerned. And that1 would  
19          be solely responsible for running the station.

20          Q.    Okay. But did he tell you anything about what  
21          interest you would have in the station, what percentage,

1 what votes, what -- that's what I mean.

2 A.; Yes, uh-huh.

3 Q. What did he say?

4 A. That his interest would be 80 percent, that he  
5 was more like, you know, a silent partner and that he  
6 would not be active in the operation of the station.

7 Q. Okay.

8 A. There was a lot of **emphasis** put on that.

9 Q. So he told you that you would have 20 percent,  
10 did he?

11 A. Uh-huh.

12 Q. Who selected the name, **Staton** Communications?

13 A. I did.

14 Q. Okay. And did there come a time when you  
15 spoke with Mr. **Emert**?

16 A. Yes, uh-huh.

17 Q. When was that?

18 A. I had called him **immediately** after **realizing**  
19 that this was a go situation. And the first time that I  
20 called him I left a message on a machine or something  
21 and he did get back with ~~me~~ and we talked --

1 shares ever been discussed with anyone?

2 A. No.

3 Q. Have you ever received any stock certificates  
4 evidencing your shares of stock in **Staton**  
5 **Communications?**

6 A. No.

7 Q. Did you ever pay any money to the corporation  
8 or to **Mr.** Ramsey for the shares for your 20 percent  
9 interest?

10 A. No.

11 Q. Have you ever written any checks to pay any  
12 bills of **Staton** Communications?

13 A. Yes.

14 Q. Could you tell me which bills you paid?

15 A. For the legal notice that ran in the paper.

16 Q. Was that a personal check you wrote?

17 A. Yes.

18

1 A. Some faxing and atuff like that.

2 Q. Telephone?

3 A. Yes.

4 Q. Have you been reimbursed for that?

5 A. No.

6 Q. Does Staton Communications have a bank  
7 account?

8 A. No.

9 Q. Has anyone ever told you whether or not you'll  
10 have to contribute any money to Staton Communications  
11 for equipment purchases or for operating expenses?

12 A. No;

13 Q. Have you ever reviewed any of Staton  
14 Communications, Inc.'s legal bills?

15 A. Yes.

16 Q. And when was that?

17 A. I received a bill from Stan Emert, I guess it  
18 was the latter part of November or December sometime  
19 after --

20 Q. Was that 19913

21 A. Yes, '91.

1 Q. What did you do with the bill?

2 A. It was sent to Ken Ramsey.

3 Q. Were there any other bills that you received  
4 from any lawyer or engineer?

5 A. No.

6 Q. Did anyone ever explain to you why Staton  
7 Communication -- by the way, let me preface that. Do  
8 you know what a two-tiered corporation is?

9 A. Yes.

10 Q. Did anyone ever explain to you why Staton  
11 Communications was structured as a two-tiered  
12 corporation?

13 A. No.

14 Q. Do you know who retained Staton Communications  
15 current communications attorneys?

16 A. I did.

17 Q. You did?

18 A. Uh-huh.

19 Q. How did you find out about the law firm?

20 A. Through Ken Ramsey.

21 Q. What did he say to you, when did he tell you



1 about the law firm?

2 A. When did he tell me?

3 Q. Yes.

4 A. In March this year.

5 Q. Of 1993?

6 A. Uh-huh.

7 Q. All right. What did he say?

8 A. That Stan ~~Emert~~ had to his knowledge had had  
9 some problems. And at the time we talked, he says that  
10 we would have to get another attorney and that someone  
11 who knew about the FCC regulations. He asked if I had  
12 any recommendations or knew of anyone that I wanted  
13 specifically to get, and I said, you know, not at that  
14 particular time. And then he mentioned the present  
15 attorneys, and I said, "Well, okay. I'll give them a  
16 call." And I did. And that's how it came about.

17 Q. Now, did they send you a letter proposing a  
18 fee for the representation of **Staton** Communications?

19 A. When I called them, that was discussed.

20 Q. Was it ever reduced to writing?

21 A. N o .

1           **Q.** All right. But you've never seen a legal bill  
 2 from Mr. Evans' firm, have you?  
 3           **A.** Yes.  
 4           **Q.** All right. When was that?  
 5           **A.** A few days ago.  
 6           **Q.** Had that bill been paid?  
 7           **A.** No .  
 8           **Q.** And what did you do with the bill?  
 9           **A.** Forwarded it to Mr. Ramsey.  
 10          **Q.** Okay. Does **Staton** Communications, Inc., have  
 11 a local public file?  
 12          **A.** Yes.  
 13          **Q.** Do you know where that is?  
 14          **A.** At the library in New Albany.  
 15          **Q.** And who established the file?  
 16          **A.** I did.  
 17          **Q.** When was the last time you visited the local  
 18 file?  
 19          **A.** March of this year.  
 20          **Q.** Did you **satisfy** yourself that it was up to  
 21 date?

1 got quite a bit of information from them and to the  
2 Census Bureau.

3 Q. When did you go to the Chamber of Commerce?

4 A. It was in the month of November of '91.

5 Q. Is that the New Albany Chamber of Commerce?

6 A. I think it's called, I believe, it's Floyd  
7 County or Clark-Floyd County. I think it's one chamber  
8 for three counties or something there. I'm not real  
9 sure what it is.

10 Q. Do you know the name of the local New Albany  
11 newspaper?

12 A. Yea.

13 Q. What is that?

14 A. New Albany Tribune.

15 Q. Okay. Who is Dwight R. Nagnuson, if you know?

16 A. Dwight R. Magnuson, I'm not familiar with the  
17 name.

18 Q. You've never heard that name?

19 A. No.

20 Q. Never heard it mentioned?

21 A. No.

DEPT OF JUSTICE  
OFFICE OF THE ATTORNEY GENERAL  
WASHINGTON, D.C. 20530

Free State Reporting, Inc.  
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1 BY MR. SOLOMON:

2 Q. The letter is dated the 15th. Do you recall  
3 when you received it?

4 A. Sometime after that.

5 Q. After the 15th?

6 A. Yeah, obviously.

7 Q. It was not hand delivered to you?

8 A. No, uh-uh.

9 Q. What is the financial letter that is mentioned  
10 by Mr. Ramsey, what does he mean by financial letter,  
11 copy of a financial letter? What financial letter is he  
12 talking about?

13 A. The arrangements that he had made with the  
14 bank.

15 Q. Is that the Home Trust Bank?

16 A. Uh-huh.

17 Q. Okay. Is that the bank commitment letter, the  
18 so-called bank commitment letter?

19 A. Uh-huh.

20 Q. And is that the letter that's referred to in  
21 your application at page six from Home Federal Trust?

1 A. Uh-huh.

2 Q. Is that a yes answer?

3 A. Yes. I'm sorry.

4 Q. Nl right. That's okay. That 's section  
5 **three**, page six. **Do you want to take a look at that?**  
6 So the financial letter that **Mr. Ramsey** enclosed on the  
7 15th is the letter referred to in the application in  
8 section three?

9 A. Yes, uh-huh.

10 Q. The letter from **Mr. Gainey** of **Home Federal**  
11 **Trust Bank**?

12 A. Right.

13 MR. EVANS: I think I'm going to object. I  
14 don't believe the application refers to a letter.

1 5 MR. SOLOMON: Well, the application speaks for  
16 itself.

17 BY MR. SOLOMON:

18 Q. Now, that was the financial letter referred to  
19 in Mr. Ramsey's November 15, 1991, letter, to the **best**  
20 of your recollection, is the letter **from** the bank  
21 evidencing the commitment to **Staton Communications**; is

1 that correct?

2 A. Yes.

3 Q. Nl right. Had you gotten the copy of that  
4 letter before you received it from Mr. Ramsey?

5 A. No.

6 Q. Okay. Look again, please, at section three of  
7 your application, which is page six, the financial  
8 certification. Did you authorize a yes answer to  
9 question one in section three?

10 A. Where are we?

11 Q. Page six, that's it. Did you authorize that  
12 answer to be yes to question one?

13 A. Yes.

14 Q. Nl right. Now, did you authorize the  
15 insertion in question two of the dollar amount that  
16 appears there?

17 A. Yes.

18 Q. And what is that dollar amount?

19 A. \$416,303.79.

20 Q. Nl right. And did you authorize the  
21 inclusion of the information and response to question

1 three, that is the reference to the Home Federal Trust  
2 Hank of Georgia?

3 A. Yes.

4 Q. All right. Now, in certifying -- in Section  
5 three, in certifying to Staton's financial communication  
6 -- qualifications, what documents, if any, did you have  
7 before you or did you refer to?

8 A. I don't quite understand the question.

9 Q. All right. When you answered the questions in  
10 section three of the application, did you have before  
11 you any documents other than the application itself?

12 A. No.

13 Q. Okay. At the time you signed the application,  
14 had you as general manager formulated any itemization of  
15 what it would cost to build the station?

16 A. Yes.

17 Q. All right. And how about an itemization as to  
18 what it would cost to operate the station?

19 A. Yes.

20 Q. All right. What was the basis of that  
21 itemization, for those itemizations?



1           A.   Well, to operate the station, I had **come** up  
2 with X amount of employees and salaries, a total list of  
3 everything from payroll to insurance to utilities to  
4 come up with that figure, plus the figure for the  
5 direction of the tower.

6           Q.   So there was a separate figure for  
7 construction of the station?

8           A.   It was all inclusive in this figure.

9           Q.   And this being -- you said this, what does  
10 that refer to?

11          A.   The 425. Well, the 416. And I rounded it off  
12 to the 425 just for some cushion.

13          Q.   All right. Now, before you signed the  
14 application, did you provide **Mr.** Ramsey or anyone else  
15 with a copy of your personal financial statement?

16          A.   N o .

17          Q.   Did you provide **Mr. Ramsey** or anyone else with  
18 a Copy of your personal financial statement after you  
19 signed the application?

20          A.   N o .

21          Q.   Did you, prior to signing the application,